Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 03163 110558Z

15
ACTION EB-06

INFO OCT-01 NEA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-05 NSAE-00 RSC-01 CG-00 COA-01 DLOS-03

SWF-01 L-02 PA-01 USIA-06 PRS-01 SP-02 LAB-01 SIL-01

OMB-01 TRSE-00 STR-01 /041 W
---------- 058250
P 110430Z NOV 74
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC PRIORITY 1846

LIMITED OFFICIAL USE COLOMBO 3163

EO 11652: N/A
TAGS: EWWT, CE
SUBJ: SRI LANKA SHIPPING CONFLICT: NOV 8

REF: A) STATE 245998; B) COLOMBO 3012;
C) STATE 243654

1. SUMMARY: EMBOFF HAS DISCUSSED IN DETAIL GSL CENTRAL FREIGHT BUREAU (CFB)/CEYLON USA CONFERENCE (CUSAC) DISPUTE WITH SHIPPING MINISTRY SECRETARY. CUSAC SECRETARY HERE, AND US FLAG MEMBER LINE AGENTS. AS OF NOV 8, POSITIONS APPEAR IRRECONCILABLE, DIRECT GSL/CUSAC COMMUNICATIONS AND THUS NEGOTIATIONS ARE DE FACTO SUSPENDED, AND HIGH PROBABILITY EXISTS THAT NEITHER CUSAC NOR GSL WILL PERMIT FIRST EXPECTED CUSAC SHIP TO LOAD. UP-SHOT IS CLEAR THREAT OF AT LEAST TEMPORARYSUSPENSION MAJOR PORTION OF CEYLONESE EXPORTS TO US WITH RESULTING FINANCIAL LOSSES TO CUSAC LINES, AMERICAN IMPORTERS, AND AND CEYLONESE EXPORTERS. WE SEE NO SOLUTION EXCEPT CONVINCE PARTIES TO RESUME INTENSE AND DETAILED NEGOTIATIONS ON SURCHARGE AND ANY OTHER OUTSTANDING ISSUES. HOWEVER, WE WOULD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COLOMB 03163 110558Z

SUGGEST THAT CONSIDERATION BE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

GIVEN, IF FEASIBLE, TO SOME SORT OF THIRD PARTY MEDIATION OR ARBITRATION. END SUMMARY.

2. ON NOV 7, ECONOMIC/COMMERCIAL SECTION CHIEF MET WITH SHIPPING MINISTRY SECRETARY KARANDAWELA AND MERCHANT SHIPPING DIRECTOR DAVID SOYSA. KARANDAWELA SUMMARIZED HIS MID-OCT US MEETINGS AND GSL'S POSITION AND RATIONALE. HE GAVE COPIES OF FMC FIRST RESPONSE TO GSL'S PROTEST SENT ABOUT NOV 1 AND GSL'S NOV 5 REPLY. HE SAID THAT, SO FAR AS GSL WAS CONCERNED, COMMUNICATIONS AND NEGOTIATIONS WERE SUSPENDED WITH CUSAC AND THAT GSL STANDS ON ITS POSITION THAT SURCHARGE WAS UNACCEPTABLE AND UNSUPPORTED BY ADEQUATE EVIDENCE FROM CUSAC AND THAT FREIGHT COLLECT REQUIREMENT IMPOSED OCT 25 WAS IMPERMISSIBLE. SECRETARY SAID THAT IF EVEN ONE MEMBER COULD SATISFACTORILY SUPPORT SURCHARGE, GSL WOULD RECONSIDER ITS POSITION. UNLESS CUSAC WAIVES FREIGHT COLLECT REQUIREMENT AS THEY HAD DONE FOR SEVERAL SAILINGS LAST WEEK, CFB WOULD NOT ALLOCATE CARGO TO CUSAC VESSELS. AS IN HIS CABLE TO FMC, KARANDAWELA EXPRESSED DEEP DISAP-POINTMENT IN WHAT HE PERCEIVED TO BE ADVERSE CHANGE IN FMC POSITION SINCE WASHINGTON DISCUSSIONS. BASED ON REFTEL B WE HAD INDICATED EARLIER TO CFB OFFICIALS OUR UNDERSTANDING OF FMC SYMPATHY WITH GSL POSITION BUT CABLE TO KARANDAWELA CITED IN REFTEL A, WHICH KARANDAWELA DID NOT MENTION, CLARIFIES FMC'S POSITION. WE HAVE CHECKED WITH KARANDAWELA NOV 8. HE HAS RECEIVED IT, REGARDS IT VERY NEGATIVELY, AND IS SENDING STRONG RESPONSE. AT OUTSET EMBOFF REPEATED POSITION THAT INQUIRY WAS TO OBTAIN INFO, THAT OUR POSITION WAS NEUTRAL ON MERITS, AND THAT WE WANT TO DO ALL POSSIBLE TO SEE MATTER RESOLVED DIRECTLY BETWEEN PARTIES IN THE INTEREST OF SRI LANKA-US TRADE RELATIONS. EMBOFF ADDED, HOWEVER, THAT GOVTS OF TWO COUNTRIES WERE INVOLVED AT BOTH ENDS AND THAT WE WOULD LIKE TO BE IN REGULAR TOUCH WITH HIM UNTIL CONFLICT HOPEFULLY RESOLVED. KARANDAWELA AGREED AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COLOMB 03163 110558Z

EXPRESSED APPRECIATION FOR INTEREST.

3. EMBOFF REVIEWED SITUATION WITH MARIN ABEYRATNE, LOCAL CUSAC SECRETARY, WHO HANDLES COMMUNICATIONS WITH CUSAC MEMBER AGENTS AND WITH GSL. HE SHOWED EMBOFF CUASC CABLES SINCE DISPUTE BEGAN, INCLUDING REPORT ON KARANDAWELA/HAMM NEW YORK MEETING. CLEARLY CUSAC BELIEVES IT HAS PROVIDED ADEQUATE INFO

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

TO SUPPORT SURCHARGE AND THAT FREIGHT COLLECT IS
APPROPRIATE RETALIATORY POSITION. CUSAC HAS NOW
DECIDED NOT TO WAIVE FREIGHT-COLLECT REQUIREMENT
FOR ANY MORE SHIPS. ALL CUSAC LINES AND THEIR AGENTS WERE
LOOKING CAREFULLY AT NEXT CUSAC ARRIVAL SINCE
IT WILL PROVIDE CLEAR TEST OF POSITIONS. ABEYRATNE
EXPECTED NEITHER SIDE TO CHANGE AND SEVERAL SHIPS COULD
CALL WITHOUT LIFTING CARGO. HE POINTED OUT THAT
NON-CONFERENCE SHIPPING NOT ALTERNATIVE SINCE
AMERICAN CONSIGNEES, ESPECIALLY FOR TEA, NEED REGULAR,
HIGH-QUALITY SERVICE. APL LOCAL AGENT (LION SHIPPING)
GENERAL MANAGER TOLD EMBOFF HE HAS RECEIVED APL
INSTRUCTION NOT TO LOAD NEXT SHIP, SS PRESIDENT
LINCOLN, DUE NOV 11, EXCEPT ON FREIGHT COLLECT
BASIS. BOTH HE AND WATERMANS AGENTS (AITKEN SPENCE)
SAID NON-AMERICAN FLAG CUSAC LINES MAY DEFER EXPECTED
ARRIVALS WEEK OF NOV 11 BECAUSE THEY WOULD PREFER FIRST
TEST CASE TO BE AMERICAN FLAG.

4. SINCE REFTEL B, PRESS HAS CARRIED ONE ARTICLE
(CEYLON OBSERVER, OCT 31) SAYING APL AND AMERICAN
EXPORT LINE SHIPS HAD SAILED WITH CARGO UNDER WAIVER
OF FREIGHT COLLECT REQUIREV,5. ARTICLE SAID THIS
WAS BECAUSE CFB HAD "STUCK TO ITS GUNS". ARTICLE
ADDED THAT "CFB FEELS ITS POSITION IS STRONG AS
IT ENJOYS THE SUPPORT OF BOTH US TEA ASSOCIATION
AS WELL AS THE FEDERAL MARITIME COMMISSION ON THIS ISSUE."

5. COMMENT: REFTEL A MOST HELPFUL. DISPUTE
CLEARLY LOOKS ABOUT SAME FROM BOTH ENDS. WE HAVE
ONE QUESTION AND TWO TENTATIVE SUGGESTIONS. FIRST,
DO ANY PROVISIONS OF NEW FMC REGULATIONS DESCRIBED IN
REFTEL C POTENTIALLY APPLY TO THIS SITUATION? SECOND,
LIMITED OFFICIAL USE

WITH CONFLICT NOW INTENSIFYING TO POINT OF DIRECT
CONFRONTATION AND LOSS OF REVENUE TO SHIPPING LINES,
AMERICAN IMPORTERS AND CEYLONESE EXPORTERS, STATE
AND FMC ARE NOW INVOLVED AT BOTH
ENDS. FOR OUR UNDERSTANDING OF CASE
IT WOULD BE HELPFUL TO HAVE A) SUMMARY OR TEXTS OF GSL-
FMC CABLE EXCHANGES, SINCE INOUR CONTACTS WITH GSL
THEY ARE CONSTANTLY REFERRED TO, AND B) CLEAR STATEMENT
OF USG POSITION. THIRD, GIVEN PRESENT APPARENTLY
RIGID POSITIONS OF BOTH SIDES AND SUSPENSION
IN NEGOTIATIONS ON THE MERITS, WE ASK WHETHER THERE IS
ANY ACCEPTED OR FEASIBLE PROCEDURE FOR MEDIATION OR ARBITRATION
OF SUCH MARITIME CONFLICTS.
VAN HOLLEN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, CARGO, MEETINGS, SURCHARGES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COLOMB03163
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740323-0904
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741154/aaaabued.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 245998; B) COLOMBO 3012;
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2002 by kelleyw0>; APPROVED <14 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SRI LANKA SHIPPING CONFLICT: NOV 8
TAGS: EWWT, CE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005